

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-10

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 6856

INFO AMEMBASSY WELLINGTON

CINCPAC

AMCONSUL SYDNEY

AMCONSUL MELBOURNE

C O N F I D E N T I A L CANBERRA 7323

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, AS

SUBJECT: AUSTRALIAN POLITICAL CRISIS

REF: CANBERRA 7096

1. SUMMARY: THE GOVERNOR GENERAL CALLED PRIME MINISTER WHITLAM AND OPPOSITION LEADER FRASER TO GOVERNMENT HOUSE FOR SEPARATE HOUR LONG MEETINGS ON THE AFTERNOON OF OCTOBER 30. AFTER HIS MEETING WITH THE GOVERNOR GENERAL, FRASER SEEMED MORE DETERMINED THAN EVER TO DELAY THE GOVERNMENT'S SUPPLY BILLS IN THE SENATE. THIS PROBABLY REFLECTS FRASER'S BELIEF THAT THE GOVERNOR GENERAL WILL INTERVENE TO FORCE ELECTIONS OF SOME SORT IF THE PRESENT IMPASSE CONTINUES. OVERALL, HOWEVER, IT IS CLEAR THAT FRASER AND HIS SUPPORTERS HAVE BEEN BADLY BRUISED DURING THE LAST THREE DAYS. WHILE THERE IS STILL A POSSIBILITY THAT THE PRIME MINISTER WILL CALL FOR HALF SENATE ELECTIONS, THERE ARE INDICATIONS THAT HE MAY CONTINUE TO INSIST THAT THE SENATE PASS THE SUPPLY BILLS OR
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EVEN ADOPT THE LESS LIKELY ALTERNATIVE OF CALLING

FOR A DOUBLE DISSOLUTION IN A GAMBLE THAT THE ALP
COULD WIN AN ELECTION FOR BOTH HOUSES. END SUMMARY

2. THE OPPOSITION'S TROUBLES BEGAN WHEN FINANCIER
TIRATH KHEMLANI, THE MAN THE WHITLAM GOVERNMENT HAD
AUTHORIZED TO RAISE OVERSEAS LOANS, FLEW INTO CAN-
BERRA WITH 8 SUITCASES FULL OF DOCUMENTS. KHEMLANI
WAS MET AT THE AIRPORT BY MEMBERS OF DEPUTY OPPOSI-
TION LEADER LYNCH'S STAFF WHO SPIRITED HIM TO A LO-
CAL HOTEL AFTER A WILD CAR RIDE WITH THE PRESS IN
HOT PURSUIT. KHEMLANI SAID HE WAS SEEKING THE OPPO-
SITION'S ASSISTANCE IN APPEARING BEFORE THE SENATE
TO EXPLAIN HIS ROLE IN THE LOANS AFFAIR. THE OPPO-
SITION WAS CLEARLY TRYING TO PROVE THAT PRIME MIN-
ISTER WHITLAM HAD DIRECT PERSONAL KNOWLEDGE OF LOAN
RAISING ACTIVITIES INVOLVING KHEMLANI SUBSEQUENT TO
MAY 20TH WHEN HIS AUTHORITY TO RAISE LOANS FOR THE
AUSTRALIAN GOVERNMENT WAS REVOKED. AFTER POURING OVER
THE DOCUMENTS, THE OPPOSITION CONCLUDED THAT THERE WAS
NO SUCH EVIDENCE. THE WHOLE EPISODE, WHICH IN SOME
RESPECTS RESEMBLED A BADLY SCRIPTED MARX BROTHERS
FILM, MADE THE OPPOSITION LOOK FOOLISH.

3. THE OPPOSITION'S TROUBLES MOUNTED ON OCTOBER 28
WHEN THE MORGAN GALLOP POLL RECORDED A 4 PERCENT
SWING AWAY FROM THE OPPOSITION PARTIES TOWARDS LABOR.
AFTER CALCULATING MINOR PARTY PREFERENCES THE NUMBERS
ARE NOW LIBERAL COUNTRY PARTY 52 PERCENT, LABOR 45
PERCENT, UNDECIDED 3 PERCENT. MORE IMPORTANTLY THE
POLL SHOWED THAT FRASER'S POPULARITY AS OPPOSITION
LEADER HAD PLUNGED FROM 43 PERCENT ON OCTOBER 4 TO
34 PERCENT ON OCTOBER 18 WHILE WHITLAM'S POPULARI-
TY AS PRIME MINISTER ROSE FROM 33 PERCENT TO 37 PER-
CENT DURING THE SAME PERIOD.

4. ON OCTOBER 30 THE OPPOSITION RECEIVED A FURTHER
BLOW WHEN A MELBOURNE AGE POLL TAKEN IN THE MAJOR
CAPITAL CITIES SHOWED THAT 70.4 PERCENT OF THE
PEOPLE POLLED FELT THAT THE SUPPLY BILLS SHOULD BE
PASSED BY THE SENATE, AND AN AGE POLL PUBLISHED ON
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OCTOBER 31 HAS THE ALP AND AUSTRALIAN PARTIES AHEAD
OF THE LIBER-COUNTRY AND DEMOCRATIC LABOR PARTIES
49.3 PERCENT TO 48.6 PER CENT WITH 2.1 PERCENT UN-
DECIDED, IN THE CAPITAL CITIES. THESE POLLS DO NOT
REFLECT STRONG OPPOSITION SUPPORT IN RURAL AREAS.
POLLSTER GARY MORGAN INSISTS THAT BOTH AGE POLLS WERE
BADLY PREPARED AND MANIPULATED BY ALP SUPPORTERS ON
THE AGE. HIS OWN VIEW IS THAT ALL POLLS ARE THREE TO

FOUR WEEKS BEHIND AND THAT THE LIBERAL COUNTRY PARTIES WILL STILL WIN IF AND WHEN ELECTIONS ARE HELD.

5. COMMENT: WHILE THESE DEVELOPMENTS HAVE CLEARLY SHAKEN THE OPPOSITION, FRASER AND HIS LIBERAL AND COUNTRY PARTY PARLIAMENTARY SUPPORTERS REAFFIRMED THEIR DETERMINATION TO CONTINUE TO DELAY THE SUPPLY BILLS IN THE SENATE AT A JOINT PARTY MEETING HELD ON THE AFTERNOON OF OCTOBER 30. WE BELIEVE THAT THE OPPOSITION RANKS WILL HOLD FIRM FOR THE TIME BEING IN THE EXPECTATION THAT THE GOVERNOR-GENERAL WILL EVENTUALLY INTERVENE AND FORCE ELECTIONS OF SOME SORT BEFORE THE END OF THE YEAR. IF ANY ELECTIONS ARE CALLED BY THE GOVERNOR-GENERAL, IT APPEARS UNLIKELY THAT THE ALP COULD WIN. THE GUT ISSUE IS NOT A DISPUTE OVER THE POWER OF THE SENATE TO REJECT MONEY BILLS BUT RATHER THE AUSTRALIAN PUBLIC'S DISENCHANTMENT WITH THE WHITLAM GOVERNMENT. HOWEVER, FRASER'S WOODEN STYLE, HIS INEPTITUDE IN COPING WITH THE ALP DURING THE PAST WEEK BOTH WITHIN AND WITHOUT PARLIAMENT, AND THE APPARENT ALP RISE IN THE POLLS RAISE THE INTERESTING POSSIBILITY THAT WHITLAM MAY RISK ALL AND CALL FOR A DOUBLE DISSOLUTION IN THE EXPECTATION THAT A FORCEFUL-WHITLAM-STYLE CAMPAIGN WOULD MINIMIZE ALP LOSSES OR EVEN LEAD TO AN ALP VICTORY.

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